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ADPA BULLETIN NO. 04-08

November 1, 2004

TO: Executive Directors

FROM: Patrick L. Ogawa, Director
               Alcohol and Drug Program Administration

SUBJECT: **CLIENT FEE DETERMINATION SYSTEM**

In recent months, auditors at the State level have determined that many providers in Los Angeles County are not properly documenting their financial review of clients, and/or do not appear to be assessing and charging fees for Alcohol and Other Drug treatment services. Therefore, this is to reiterate the Health and Safety Code (HSC) requirements for client fee determination, charges, and documentation of this process.

In compliance with HSC Section 11991.5, Alcohol and Drug Program Administration (ADPA) requires all contracted treatment providers have in place a client fee determination system that allows providers to determine the appropriate level or share of cost for alcohol and drug treatment services received. HSC requires the charges: 1) to be equitable; 2) not exceed the actual cost; and 3) should consider a client's income and expenses. Further, to ensure adequate audit trail, each provider must retain: fee assessment schedules and collection records; documentation in each client's file showing the client income and expenses, and how each was considered in determining fees. In the past, providers were allowed to develop their own scale or were allowed to adopt the sliding fee schedule developed by ADPA.

It has been several years since the sliding scale was developed by ADPA. Because program and organizational cost vary from agency to agency, the sliding schedule developed by ADPA would be outdated. Further, it would be impractical nor possible for ADPA to develop such a sliding fee schedule that accounted for wide variations in program cost from agency to agency which if adopted by a Contractor, may actually cause such an agency to not fully recapture cost they may otherwise be able to recapture if their scale had been based on their own programmatic cost. We are advising that all providers develop or revise as necessary their own sliding fee schedule and rate determination system, which meets the requirements established in HSC 11991.5.

Enclosed are guidelines to assist your development of a new sliding fee schedule for Residential and Outpatient services. A sample fee schedule is attached to each instruction sheet to help you visualize how such a schedule may be formatted. In addition, enclosed is a copy of the Client Fee Determination Statement form, along with instructions, which may be used during the assessment of the client. ADPA Contract Program Auditors will continue to monitor that the Client Fee Determination Statement is retained in each client file.

HSC requires our office be provided with a copy of each contractor's client fee determination sliding fee schedule to retain and provide to State Auditors upon their request during a formal audit of your agency records. Therefore, please forward your updated and completed client fee determination schedule by letter to your ADPA Contract Program Auditors no later then thirty days from the date on this letter.

If you have any questions or need additional information, please contact your program monitor for assistance.

PLO:jdc
S:\Nanette\Client Fees\Requirement_Providers.doc

Attachments

C: Wayne Sugita
      Jeremy Cortez
      George Weir

INSTRUCTIONS FOR CLIENT FEE DETERMINATION SYSTEM
OUTPATIENT SCHEDULE

Note: This form is of suggested format only.

DEFINITIONS:

Disposable Monthly Income- is income after taxes and expense. Income data may include, but is not limited to, income received as a paid employee, unemployment benefits, disability benefits, welfare benefits, pension payments, family income, savings income, or other sources. Expenses data may include, but are not limited to, any known expenses related to the following: court order payments, housing-related expenses, transportation costs, and insurance coverage costs.

Daily Rate Charge- fees are to be assessed based on a percentage of the clients' reported disposable monthly income. The maximum fee charged is not to exceed the Contractor's program cost.

Program Cost- is the provider's usual and customary charge to the general public for the same or similar services.

Dependent- any person who relies on the client, especially for financial support.

DEVELOPING THE TABLE:

Set up a table that displays Disposable Monthly Income vertically on the left margin and the number of Dependents horizontally across the top.

(A) "Disposable Monthly Income Range"
Vertically down the left most margin, the rows would reflect increments of family or household monthly income. There would be a sufficient number of increments to allow for different charges, for example, a fifty dollar ($50) increase per interval starting at zero.

(B) "Number of Persons Dependent on Income"
Horizontally across the top, the columns would reflect the number of people dependent on the income, including the client. For example, a client with no dependents would equal "1" person dependent on income, a client with 2 dependents plus themselves would equal "3" persons dependent on income, etc.

DEVELOPING THE AMOUNTS PER INCREMENT (INCOME, DEPENDENTS):

Set up rates within the table based on various increments of income level. **Maximum rate charged should be no more then the Contractor's program cost.**

(C) Client solely dependent on income-
At each income interval, the charge rate is equal to five percent (5%) of the highest range of income.

(D) Client with 1 dependent-
At each daily rate interval at one dependent, the charge rate is equal to ninety percent (90%) of the rate determined in step (C).

(E) Client with 2 dependents-
At each daily rate interval at one dependent, the charge rate is equal to eighty percent (80%) of the rate determined in step (C).

(F) Client with 3 dependents-
At each daily rate interval at one dependent, the charge rate is equal to seventy percent (70%) of the rate determined in step (C).

(G) Client with 4 dependents-
At each daily rate interval at one dependent, the charge rate is equal to sixty percent (60%) of the rate determined in step (C).

(H) Client with 5 dependents-
At each daily rate interval at one dependent, the charge rate is equal to fifty percent (50%) of the rate determined in step (C).

(I) Client with 6 dependents-
At each daily rate interval at one dependent, the charge rate is equal to forty percent (40%) of the rate determined in step (C).

(J) Client with 7 dependents-
At each daily rate interval at one dependent, the charge rate is equal to thirty percent (30%) of the rate determined in step (C).

(K) Client with 8 dependents-
At each daily rate interval at one dependent, the charge rate is equal to twenty percent (20%) of the rate determined in step (C).

(L) Client with 9 dependents or more-
At each daily rate interval at one dependent, the charge rate is equal to ten percent (10%) of the rate determined in step (C).

SAMPLE

[Type: Agency Name]
Outpatient Client Fee Schedule
(Payment Per Outpatient Visit)

Disposable Monthly Income Range	Number of Persons Dependent on Income (1)									
	1	2	3	4	5	6	7	8	9	10 or more
zero - 50	2.50	2.25	2.00	1.75	1.50	1.25	1.00	0	0	0
51 - 100	5.00	4.50	4.00	3.50	3.00	2.50	2.00	1.50	1.00	0
101 - 150	7.50	6.75	6.00	5.25	4.50	3.75	3.00	2.25	1.50	0
151 - 200	10.00	9.00	8.00	7.00	6.00	5.00	4.00	3.00	2.00	1.00
201 - over	Fees will continue to increase accordingly, but in no case will the charge be more than the Program Cost.									

1) A client with no dependents would equal "1" person dependent on income, a client with 2 dependents plus themselves would equal "3" persons dependent on income, etc.

INSTRUCTIONS FOR CLIENT FEE DETERMINATION SYSTEM
RESIDENTIAL SCHEDULE

Note: This form is of suggested format only.

DEFINITIONS:
Disposable Monthly Income- is income after taxes and expense. Income data may include, but is not limited to, income received as a paid employee, unemployment benefits, disability benefits, welfare benefits, pension payments, family income, savings income, or other sources. Expenses data may include, but are not limited to, any known expenses related to the following: court order payments, housing-related expenses, transportation costs, and insurance coverage costs.

Daily Rate Charge- fees are to be assessed based on a percentage of the clients' reported disposable monthly income. The maximum fee charged is not to exceed the Contractor's program cost.

Program Cost- is the provider's usual and customary charge to the general public for the same or similar services.

Dependent- any person who relies on the client, especially for financial support.

DEVELOPING THE TABLE:
Set up a table that displays Disposable Monthly Income vertically on the left margin and the number of Dependents horizontally across the top.

(A) "Disposable Monthly Income Range"
Vertically down the left most margin, the rows would reflect increments of family or household monthly income. There would be a sufficient number of increments to allow for different charges, for example, a hundred dollar ($100) increase per interval up to twenty-five hundred dollars ($2,500) starting at zero. Everything after that range will be set at two hundred dollar ($200) increase per interval.

(B) "Number of Persons Dependent on Income"
Horizontally across the top, the columns would reflect the number of people dependent on the income, including the client. For example, a client with no dependents would equal "1" person dependent on income, a client with 2 dependents plus themselves would equal "3" persons dependent on income, etc.

DEVELOPING THE AMOUNTS PER INCREMENT (INCOME, DEPENDENTS):
Set up rates within the table based on various increments of income level. **Maximum rate charged should be no more then the Contractor's program cost.**

(C) Client solely dependent on income-
At each income interval, the charge rate is equal to one percent (1%) of the income up to seven hundred dollars ($700). Income between eight to nine hundred dollars ($800-$900) will be charged at a rate of one and a half percent (1.5%). Income of a thousand dollars ($1,000) or more will be charged at a rate of one and sixty-five percent (1.65%).

(D) Client with 1 dependent-
At each daily rate interval at one dependent, the charge rate is equal to ninety percent (90%) of the rate determined in step (C).

(E) Client with 2 dependents-
At each daily rate interval at one dependent, the charge rate is equal to eighty percent (80%) of the rate determined in step (C).

(F) Client with 3 dependents-
At each daily rate interval at one dependent, the charge rate is equal to seventy percent (70%) of the rate determined in step (C).

(G) Client with 4 dependents-
At each daily rate interval at one dependent, the charge rate is equal to sixty percent (60%) of the rate determined in step (C).

(H) Client with 5 dependents-
At each daily rate interval at one dependent, the charge rate is equal to fifty percent (50%) of the rate determined in step (C).

(I) Client with 6 dependent-
At each daily rate interval at one dependent, the charge rate is equal to forty percent (40%) of the rate determined in step (C).

(J) Client with 7 dependents-
At each daily rate interval at one dependent, the charge rate is equal to thirty percent (30%) of the rate determined in step (C).

(K) Client with 8 dependents-
At each daily rate interval at one dependent, the charge rate is equal to twenty percent (20%) of the rate determined in step (C).

(L) Client with 9 dependents or more-
At each daily rate interval at one dependent, the charge rate is equal to ten percent (10%) of the rate determined in step (C).

SAMPLE

[Type: Agency Name]
Residential Client Fee Schedule
(Payment Per Residential Bed Day)

Disposable Monthly Income Range	Number of Persons Dependent on Income (1)									
	1	2	3	4	5	6	7	8	9	10 or more
zero - 100	1.00	0.90	0.80	0.70	0.60	0.50	0.40	0	0	0
101 - 200	2.00	1.80	1.60	1.40	1.20	1.00	0.80	0.60	0.40	0
201 - 300	3.00	2.70	2.40	2.10	1.80	1.50	1.20	0.90	0.60	0
301 - 400	4.00	3.60	3.20	2.80	2.40	2.00	1.60	1.20	0.80	0.40
401 - over	Fees will continue to increase accordingly, but in no case will the charge be more than the Program Cost.									

(1) A client with no dependents would equal "1" person dependent on income, a client with 2 dependents plus themselves would
equal "3" persons dependent on income, etc.

ALCOHOL AND DRUG PROGRAM ADMINISTRATION
CLIENT FEE DETERMINATION STATEMENT

1. First Name: _____ Middle Name: _____ Last Name: _____

   Client ID #: _____ Social Security #: __ __ __ - __ __ - __ __ __ __

2. Address: _____ Date of Birth: ___/___/___

   City: _____ State: _____ Zip Code: _____ Phone #: (___) _____

3. Date last Worked: ___/___/___
   Disability Insurance Benefit: ___/___/___
   Unemployment Insurance Benefit: ___/___/___

4. Health Insurance: Yes ( ) No ( )   Subscriber Name: _____
   Insurance Name: _____ Insurance ID #: _____
   Insurance Address: _____ Insurance Phone #: (___) _____

5. Medi-Cal Eligible: Yes ( ) No ( )   Medi-Cal #: _____

6. General Relief (GR) Eligible: Yes ( ) No ( )   GR #: _____

7. Veteran Admin (VA) Eligible: Yes ( ) No ( )   VA #: _____

8. CalWORKs (CW) Eligible: Yes ( ) No ( )   CW #: _____

9. Proposition 36 (P36) Eligible: Yes ( ) No ( )   P36 TCPX #: _____

10. Personal Assets (cash on hand, savings/checking accounts, stocks, bonds, and mutual funds): _____
_____

11. Monthly Income: _____   Number Dependent on Income: _____

   Client: $ _____ Source: _____ Spouse: $ _____ Source: _____

   Other Income: $ _____ Source: _____ 12. Monthly Total Gross Family Income
                                 (before taxes) $ _____

13. Allowable Deductions (verified by: _____)
   Description: Amount:
   a. _____ $ _____
   b. _____ $ _____
   c. _____ $ _____
   d. _____ $ _____
   e. _____ $ _____   (Total a-e) $ _____

14. Adjusted Income (line 12 minus total line 13) $ _____

15. Fee Based on Sliding Scale: $ _____

16. Adjusted Monthly Fee: $ _____

17. Provider of Financial Information (if other than client): $ _____

   Name: _____   Address: _____

18. I affirm that the statements made herein are true and correct to the best of my knowledge and I agree to the monthly payment as stated on line 16.

   Signature: _____   Date: _____

   Interviewed By: _____   Date: _____

19. a) Adjustment of Fee By: _____   Date: _____
    b) Reason for Adjustment: _____
_____

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
ALCOHOL AND DRUG PROGRAM ADMINISTRATION

CLIENT FEE DETERMINATION STATEMENT
INSTRUCTIONS FOR COMPLETION

The Client Fee Determination Statement must be completed by agency staff in an interview with the client and/or responsible person as follows:

1) Client's first, middle and last name, client's clinic I.D. number, and Social Security number.

2) Client's complete address including street, avenue, boulevard, etc., city, state and zip code; phone number including area code; date of birth- month, day, and year.

3) Date the client last worked, date disability insurance benefits (DIB) or unemployment insurance benefits (UIB) started, if applicable.

4) Family health insurance coverage; name of carrier; subscriber name; insurance I.D. number, insurance address, and insurance phone number.

5) Indicate Medi-Cal eligibility and record Medi-Cal Number.

6) Indicate General Relief (GR) eligibility and record GR number, if approved.

7) Indicate Veteran Administration (VA) eligibility and record VA Number, if applicable.

8) Indicate CalWORKs (CW) eligibility and record CW number, if approved.

9) Indicate Proposition 36 (P36) eligibility and record P36 TCPX number, if approved.

10) List all of the client's personal assets (i.e., cash on hand, savings/checking accounts, stocks, bonds and mutual funds).

11) Note source of all family monthly income (i.e. earnings, UIB/DIB, welfare payments, VA Benefits, cash contributions, social security checks, pensions, loans, grants); number of persons dependent on family income.

NOTE: Verification of earned and unearned income, personal property, and allowable deductions shall be requested of the client or the responsible person(s). Verify earned income with payroll checks. Verification of unearned income examples: UIB/DIB notices, VA benefits, pensions, retirement payments, loans, grants, income in-kind, and/or free room and board, etc.

12) Enter total gross family income (before taxes). This includes monthly family salaries, dividends, interest, rent income and support payments, etc.

13) Subtotal and enter all allowable deductions. All allowable deductions must be verified by interviewer. Examples of allowable deductions are: court ordered obligations, monthly dependent support payments (i.e., child support, alimony); monthly pre-school or child care payments (necessary for employment); monthly medical expenses; monthly mandated deductions from gross income (i.e., retirement plans, meals, and union dues necessary for employment), etc.

14) Subtract the total allowable deductions on line 13 from the gross amount of income on line 12. The balance remaining is the adjusted gross income to be entered on line 14.

15) Determine the monthly fee per the CFDS schedule and indicate the fee on line 15.

16) If fee is adjusted up or down by means of a therapeutic waiver, indicate the new monthly fee amount on line 16.

17) If financial information is supplied by anyone other than the client, record the name and address of person.

18) Client or responsible person shall sign and date the CFDS to affirm having given true and correct information to the best of their knowledge.

19) (a) If any adjustment is made to the fee, indicate who made the adjustment and date. (b) Indicate reason for adjustment